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H-103

BPD-4737-60

#660

REPLY TO:
Auditor General
Comptroller, USAF
Eastern District
Liaison Office
P. O. Box 8155, S.W. Station
Washington, D. C.

13 June 1960

SUBJECT: Report on Review of Proposed Fixed Rates and Pricing Formula
Thompson Ramo Wooldridge, Inc.
Contracts Nos. A-102, A-103, HF-A-104 and HF-CT-699
Period: 1 January through 31 December 1960

TO : Contracting Officer

REF : BPD-2457-60 and BPD-3907-60

1. A review has been made of the fixed rates and pricing formulas proposed by the contractor for the two six-month periods ending 30 June 1960 and 31 December 1960, respectively.

2. All of the rates proposed by the contractor for these periods, as shown in Exhibit A, are recommended for acceptance for the following reasons:

a. Average and actual basic wage rates used by the contractor were found to be acceptable.

b. Projected overhead rates used by the contractor are considered by the auditor to be lower than what might reasonably

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NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C 2011
NEXT REVIEW DATE:
AUTH: REVIEWER
DATE: 141281

Basis for Recmd. #10

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be expected of attainment based on the actual experience trend for the first three months of 1960, as follows:

	Experience for First Three Months of 1960	Contractor's Projection for Year 1960
Engineering Overhead	[redacted]	25X1A
Manufacturing Overhead		
G & A Expense		

3. Even though it has not been the usual practice in the past to establish fixed rates for a full year so far in advance, in this instance it would be in the Government's interest to do so. It will require enormous efforts on the part of the contractor in increasing its volume of business and effecting economies in expenses during the remainder of 1960, in order to bring its actual overhead for the full year in line with the projection.

W. F. Edwards

W. F. Edwards
Audit Liaison Officer
Eastern District
Auditor General

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